

THE *Dan Smoot Report*

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DAN SMOOT

HOW THE GOVERNMENT HELPS US

Of the \$245-billion a year which the federal government spends, a considerable amount is wasted because of the blundering inefficiency of the bureaucracy. On February 7, 1969, Senator John J. Williams (Delaware Republican) put into the *Congressional Record* a report by the Comptroller General, revealing mismanagement in the Payroll Center of the Department of Health, Education, and Welfare. Here are some specific instances:

- Seven checks totaling \$1528 were issued to prospective employees who never went to work.
- Former employees (who had resigned and should have been taken off the payroll months, or even years, before) received 257 checks totaling \$44,119.
- Employees who were supposed to be on leave without pay received 105 checks totaling \$16,083.
- Intermittent employees received 16 checks totaling \$2295, for periods when they were not employed.
- There were 68 duplicate and triplicate payments totaling \$17,171 made to employees for the same period or purpose.
- Some 33,154 savings bonds with a purchase price totaling about \$1.605 million were erroneously issued.⁽¹⁾

On March 18, 1969, the General Accounting Office released a study of war on poverty programs which have cost taxpayers some \$7.5 billion in five years.

About \$1 billion has gone to the Job Corps, which spends \$8300 per year for every trainee. The GAO concluded that "it is questionable whether Job Corps training has resulted in substantial economic benefit thus far to those youths who participated."⁽²⁾

About \$1.16 billion has been spent on Neighborhood Youth Corps programs — ostensibly intended to give youngsters part-time employment that would enable them to stay in school. The GAO report said:

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"The great majority of youths who have been enrolled in the NYC program . . . would probably have remained in or dropped out of school irrespective of their enrollment in the NYC program."⁽²⁾

Most of the tax money used for the Neighborhood Youth Corps' "summer-job activities" has been given to youths in slums to "diminish the possibility of civil unrest" — that is, to keep them from rioting. Concerning the "work experience" given these youths, the GAO report said:

"In several instances we found . . . that the enrollees were inadequately supervised and that very little was required of them by way of work production. Under these circumstances, it appeared that the enrollees received little in the way of work experience and possibly even regressed in their conception of what should reasonably be required in return for wages paid."⁽²⁾

Much of our tax money is spent on unconstitutional programs that directly aggravate conditions which the government, through other programs, is trying to alleviate. Note this paragraph from a newsletter which U.S. Representative Richard L. Roudebush sent to his constituents March 21, 1968:

"While clubbing Congress to put a heavy tax on U. S. travelers to relieve the money outflow problem . . . [the Johnson administration] announced . . . that the taxpayers will be presented a \$742,712 bill for a cultural exchange program to pay for grants to send selected recipients from American colleges, universities, and associations to such far away places as Brazil, British Honduras, the Caribbean, Chile, the Republic of China, Ecuador, Germany, Ghana, India, Italy, Japan, Kenya, Mexico, Pakistan, Poland, Singapore, the Soviet Union, Sweden, and Yugoslavia."

Some of the spending of our tax money is so asinine that it defies characterization.

To Stephen Smale (who organized demonstrations to stop troop trains in California), the National Science Foundation gave \$6556 of our tax money for a trip to Europe!⁽³⁾

In Marion County, Indiana, the Board of Flood Control bought some farm land for a new lake called the Eagle Creek reservoir. The U.S. Department of Agriculture sent the board \$65,000 to pay it for not growing corn and soybeans on the bottom of the lake for the next ten years.⁽⁴⁾

A grant of \$33,101 was given to the Israel Institute of Applied Social Research to study "a test of husband-wife relationship. . . . to develop a diagnostic pictorial test of the intrapersonal and interpersonal aspects of the role of relationship of husband and wife."⁽⁵⁾

The Department of Health, Education, and Welfare alone spends more than \$100 million a year on "research" programs. One HEW research project, typical of many: \$92,968 for a study of East African monkeys in Kenya, to determine what traits man inherits from the monkeys.⁽⁶⁾

Much of the "help" which the federal bureaucracy gives with our money is not only ineffective but directly harmful. U.S. government agencies give about \$2 billion a year of our tax money to universities for research. The result? Some 40,000 professors have stopped teaching to do "research." Dr. W. T. Lippincott of Ohio State University says federal research grants are "the most powerful destructive force the higher education system ever faced."⁽³⁾

Like a mindless behemoth, the ponderous federal bureaucracy often tramples the very people it is specifically trying to help. Consider a few well-known individual cases:

Joe Jones, Jr., a disabled Negro veteran with a family of ten children, had a little trucking business in Atlanta. In 1966, the Small Business Administration lent Jones \$25,000 to help him buy a big truck to handle long-haul jobs. Jones bought the truck and contracted for some cargoes; but the Interstate Commerce Commission would not give him a permit to haul across state lines. After making seven fruitless appeals to the bureaucracy for a common sense ruling, Jones said:

"I've been pushed to the verge of bankruptcy, because the government encouraged me to buy

expensive equipment so I could help myself, and now they won't let me use it."⁽⁷⁾

In 1953, Blackie Conley opened a cabinet-making shop in Sandy Hook, Kentucky. By 1962, he had a payroll of 45 and a cash reserve of \$40,000. Federal bureaucrats labeled the Sandy Hook community part of a depressed area, and urged Mr. Conley to expand to help fight the poverty around him. Washington agencies poured 356,000 tax dollars into his business, and prevailed upon him to sell his neighbors stock in his company — 4000 shares at \$10 a share.⁽⁷⁾

When they started giving Mr. Conley tax money, the federal bureaucrats started dictating his employment policies and accounting procedures — even to the extent of signing company checks for him. Conley's cabinet-making factory started losing money. The bureaucrats had him hire a \$15,000-a-year salesman and a \$10,000-a-year accountant. The company went further in the hole. A professional management firm then took over and landed a big new account, but Mr. Conley lost \$40,000 on the deal.⁽⁷⁾

Bankrupt, Blackie Conley closed his business. The government hauled off his machinery and sold it to a firm in Florida. Blackie Conley had lost the business it had taken him nine years to build, and his \$40,000 cash reserve. His 45 employees had lost their jobs, and his neighbors had lost the \$40,000 they had invested in his company. The American taxpayers generally had lost at least a million dollars — considering the \$356,000 grant to Conley's business, plus the loss in taxes that he and his employees would have paid, plus the salaries and expenses of the various Washington bureaucrats who pushed him into bankruptcy and helped convert Sandy Hook into the depressed area Wahington had decreed it to be.⁽⁷⁾

In the past 30 years, the U. S. Department of Agriculture has spent well over 150 billion tax dollars to help farmers — among them, Jesse Stalker of Ravena, New York, a dairyman whom Washington bureaucrats classify as a producer-handler of milk, which means that he milks his own cows and sells milk directly to customers. He and his wife have worked hard for more than a

quarter of a century, building a good herd that would make them a modest living.

In 1958, Stalker needed to buy extra cream from other dairymen, because the demand of his customers was temporarily greater than his own herd could meet. He was required to get a federal permit to buy the extra cream. When getting the permit, he was not told that it was encumbered with a federal regulation which specified that a producer-handler like him could buy extra cream only in 1-quart or 2-quart containers. Not knowing about the regulation, Stalker violated it by buying cream in 20-quart cans.

Four years later (1962), the long arm of the federal bureaucracy caught up with Stalker. The Department of Agriculture fined him \$20,899.90. His only offense — the only offense charged against him — was that he had been buying cream in big cans instead of little ones. This fine, imposed *administratively*, without trial by jury, is much greater than any that a federal court, under the laws and the Constitution, could impose for major felonies like bank robbery.⁽⁸⁾

Stalker appealed, and finally got his case in federal court, in 1963. Wasting his time in court, instead of using it for productive labor on his farm was, of course, financially burdensome to him. Directly out of his savings, he had to pay for his counsel and other legal expenses. As a taxpayer, he had to help pay the salary of the federal judge who heard his case; the salaries of lesser court officials, clerks, bailiffs, and marshals; and the general overhead expense of a trial in federal court. He also had to help pay the salaries of his opposition, which consisted of an Assistant Attorney General of the United States, a United States District Attorney, the General Counsel of the U.S. Department of Agriculture, and a squad of other government officials from Washington.

The federal judge held in Stalker's favor, saying the government had not even prepared a presentable case against him. Six months later (after Stalker had endured more legal expense and loss of work time), the government vacated the \$20,899.90 penalty against him. Years later, the bureaucrats were still harassing the Stalkers, spend-

ing as much as a week at a time on their farm going through their books. Mrs. Stalker refused to let one government auditor rummage through her personal checkbook. She received an official threat from a government official that "there are ways of taking care of non-cooperators."⁽⁷⁾

The Mount Carmel Center and Hospital for Alcoholics in Paterson, New Jersey, takes in derelicts from the streets and jails, trying to rehabilitate them. Work is part of the therapy administered. The inmates are paid a pittance for handcrafting various products which the hospital sells for a pittance, to help meet expenses. A few years ago, U.S. Department of Labor investigators concluded that the Mount Carmel Center was engaged in interstate commerce and was guilty of "unfair labor practices" because it was not paying the inmates the minimum wage prescribed by federal law. Unfavorable publicity, evoking an outburst of public indignation, caused the Department of Labor to drop its idiotic "case" against the Mount Carmel Center.⁽⁷⁾

Clarence Robinson, an energetic and resourceful, 53-year-old skycap at the Mobile, Alabama, airport used to let a couple of friends, and his own son, help him during rush hours. Their compensation was the tips they got. They gave Robinson no override or kickback from what they earned.⁽⁷⁾

In 1965, U.S. Department of Labor agents concluded that Robinson was in business, engaged in interstate commerce; that he had been violating the federal Fair Labor Standards Act by not paying his two friends the prescribed minimum wage; and that he had been violating a federal child labor act by letting his son work, because the boy was a minor. The U.S. Department of Labor ordered Robinson to pay his two friends \$1104.78 in "back wages" and forbade him to let his son work at all.⁽⁷⁾

In the Robinson affair, as in the one involving the Mount Carmel Center, the Department of Labor eventually dropped its "case" because of adverse publicity⁽⁷⁾ — which proves that the bureaucracy will twist its own regulations and ignore what it regards as violations of laws it is supposed to enforce, when necessary to protect itself. This makes even more galling the thought of thousands

of individuals and businesses, not fortunate enough to be saved by publicity, who have been tyrannically harassed, some utterly ruined, by the Washington bureaucrats.

U. S. News & World Report says:

"It will not be easy to find solutions to the problems of big government.

"Few, so far, have suggested decreasing the size of government by cutting back on major functions."⁽⁹⁾

It will not only be difficult, but impossible, to do anything about big government until we trim it down to legal size — restrict it to performing functions for which there are clear grants of power in the Constitution.

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FOOTNOTES

- (1) *Congressional Record* (daily), Feb. 7, 1969, pp. S1465-6
- (2) "Waste in Poverty War—An Official Appraisal," *U.S. News & World Report*, Mar. 31, 1969, p. 58
- (3) *The Arizona Republic*, Feb. 11, 1968
- (4) Editorial, *Indianapolis News*, July 26, 1967
- (5) *The Dallas Morning News*, July 16, 1968, p. D2
- (6) *Parade*, Jan. 22, 1967
- (7) "Big Brother Is Here," *The Reader's Digest*, Nov., 1966
- (8) "Withholding Tax—Part IV," *The Dan Smoot Report*, May 21, 1962, pp. 161-8
- (9) "Big Government — Is It Out of Hand?", *U.S. News & World Report*, Mar. 24, 1969, pp. 28-30

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